



TDK Corporation  
October 30, 2020

**Contact;**

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Corporate Communications Group

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**Consolidated results (U.S. GAAP) for the 2nd quarter of FY March 2021**

**Summary (April 1, 2020 - September 30, 2020)**

Term Item	1H of FY2020 (April 1, 2019 - Sep. 30, 2019)		1H of FY2021 (April 1, 2020 - September 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	707,029	100.0	691,111	100.0	6,519,915	(15,918)	-2.3
Operating income	68,843	9.7	62,406	9.0	588,736	(6,437)	-9.4
Income before income taxes	68,648	9.7	63,163	9.1	595,877	(5,485)	-8.0
Net income attributable to TDK	44,938	6.4	42,225	6.1	398,349	(2,713)	-6.0
Per common share :							
Net income attributable to TDK / Basic	Yen 355.81		Yen 334.27		U.S.\$ 3.15		
Net income attributable to TDK / Diluted	Yen 355.01		Yen 333.58		U.S.\$ 3.15		
Capital expenditures	90,847	-	97,129	-	916,311	6,282	6.9
Depreciation and amortization	59,684	8.4	64,727	9.4	610,632	5,043	8.4
Research and development	58,265	8.2	59,818	8.7	564,321	1,553	2.7
Result of financial income (loss)	2,737	-	2,893	-	27,292	156	-
Ratio of overseas production	85.7%	-	86.0%	-	-		
Number of employees	106,255	-	115,298	-	-		

**2nd quarter consolidated results  
(July 1, 2020 - September 30, 2020)**

Term Item	2Q of FY2020 (Jul. 1, 2019 - Sep. 30, 2019)		2Q of FY2021 (July 1, 2020 - September 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	370,214	100.0	381,718	100.0	3,601,113	11,504	3.1
Operating income	43,863	11.8	43,966	11.5	414,774	103	0.2
Income before income taxes	43,945	11.9	42,452	11.1	400,491	(1,493)	-3.4
Net income attributable to TDK	29,350	7.9	29,033	7.6	273,896	(317)	-1.1
Per common share :							
Net income attributable to TDK / Basic	Yen 232.37		Yen 229.83		U.S.\$ 2.17		
Net income attributable to TDK / Diluted	Yen 231.87		Yen 229.36		U.S.\$ 2.16		
Capital expenditures	39,952	-	50,761	-	478,877	10,809	27.1
Depreciation and amortization	30,112	8.1	32,987	8.6	311,198	2,875	9.5
Research and development	29,681	8.0	30,384	8.0	286,642	703	2.4
Result of financial income (loss)	1,334	-	1,232	-	11,623	(102)	-
Ratio of overseas production	84.3%	-	84.3%	-	-		

**Note:**

U.S.\$1=Yen 106, for convenience only.

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## [Summary Information and Financial Statements]

### 1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2021

#### (1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first half of fiscal 2021, the period from April 1 to September 30, 2020, are as follows.

During the first half of fiscal 2021, the global economy was significantly affected by the continuing COVID-19 pandemic and the worsening relationship between the U.S. and China. Although the second quarter saw a resurgence in the number of infections and the situation remained uncertain, social and economic activities were resumed across the world, and production activities, which had been substantially restricted due to preventive measures against the spread of the virus, started on a recovery trend.

In the electronics market, which has a large bearing on the consolidated performance of TDK, the automotive market saw a rapid recovery of demand on the back of a resumption of production at automobile manufacturers in the second quarter, after experiencing significant weakness in the first quarter due to restrictions on production activities. Demand also expanded significantly for notebook PCs and tablets as more people worked and studied at home. Furthermore, demand grew for fifth-generation mobile communication system (5G) base stations and smartphones.

In this business environment, the TDK's consolidated operating results for the first half of fiscal 2021 were as follows.

#### Summary (April 1, 2020 - September 30, 2020)

Term Item	1H of FY2020 (April 1, 2019 - September 30, 2019)		1H of FY2021 (April 1, 2020 - September 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	707,029	100.0	691,111	100.0	6,519,915	(15,918)	-2.3
Operating income	68,843	9.7	62,406	9.0	588,736	(6,437)	-9.4
Income before income taxes	68,648	9.7	63,163	9.1	595,877	(5,485)	-8.0
Net income attributable to TDK	44,938	6.4	42,225	6.1	398,349	(2,713)	-6.0
Per common share :							
Net income attributable to TDK / Basic	Yen 355.81		Yen 334.27		U.S.\$ 3.15		
Net income attributable to TDK / Diluted	Yen 355.01		Yen 333.58		U.S.\$ 3.15		

**Note:**

U.S.\$1=Yen 106, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first half of fiscal 2021 were ¥106.92 and ¥121.27, respectively, as the yen appreciated 1.7% against the U.S. dollar and 0.2% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales declined by approximately ¥13.9 billion and operating income decreased by approximately ¥0.3 billion.

## Sales by Product

Term Product	1H of FY2020 (April 1, 2019 - September 30, 2019)		1H of FY2021 (April 1, 2020 - September 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	78,922	11.1	71,919	10.4	678,481	(7,003)	-8.9
Inductive Devices	69,811	9.9	61,997	9.0	584,877	(7,814)	-11.2
Other Passive Components	51,407	7.3	49,880	7.2	470,566	(1,527)	-3.0
Passive Components	200,140	28.3	183,796	26.6	1,733,924	(16,344)	-8.2
Sensor Application Products	38,919	5.5	34,491	5.0	325,387	(4,428)	-11.4
Magnetic Application Products	109,994	15.6	88,701	12.8	836,802	(21,293)	-19.4
Energy Application Products	318,177	45.0	357,517	51.7	3,372,802	39,340	12.4
Other	39,799	5.6	26,606	3.9	251,000	(13,193)	-33.1
Total	707,029	100.0	691,111	100.0	6,519,915	(15,918)	-2.3
Overseas sales	653,364	92.4	638,604	92.4	6,024,566	(14,760)	-2.3

**Note:**

U.S.\$1=Yen 106, for convenience only.

### 1) Passive Components Segment

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Sales in the Passive Components segment were ¥183,796 million (U.S.\$ 1,733,924 thousand), down 8.2% year on year from ¥200,140 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥71,919 million (U.S.\$ 678,481 thousand), down 8.9% year on year from ¥78,922 million. Sales of Ceramic Capacitors increased to the Information and Communication Technology (ICT) market, while decreased to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased to the automotive and the industrial equipment markets.

Sales of Inductive Devices decreased by 11.2% year on year from ¥69,811 million to ¥61,997 million (U.S.\$ 584,877 thousand). Sales decreased mainly to the automotive market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components decreased by 3.0% year on year from ¥51,407 million to ¥49,880 million (U.S.\$ 470,566 thousand). Sales decreased mainly to the automotive market.

### 2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales decreased by 11.4% from ¥38,919 million to ¥34,491 million (U.S.\$ 325,387 thousand). Sales decreased mainly to the automotive market.

### 3) Magnetic Application Products Segment

This segment is made up of Hard Disk Drive (HDD) Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 19.4% year on year from ¥109,994 million to ¥88,701 million (U.S.\$ 836,802 thousand). Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased to the automotive market.

### 4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 12.4% from ¥318,177 million to ¥357,517 million (U.S.\$ 3,372,802 thousand). Sales of Energy Devices increased significantly to the ICT market.

### 5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales decreased by 33.1% from ¥39,799 million to ¥26,606 million (U.S.\$ 251,000 thousand).

The main businesses making up the four reporting segments and Other, which includes products not included in these reporting segments, are as follows:

Classification	Constituent Main Business
Passive Components	Ceramic Capacitors, Aluminum Electrolytic Capacitors, Film Capacitors, Inductive Devices (Coils/Ferrite Cores/Transformers), High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Magnets
Energy Application Products	Energy Devices (Rechargeable Batteries), Power Supplies
Other	Mechatronics (Production Equipment), Others

### [Sales by Region]

Overseas sales decreased by 2.3% year on year from ¥653,364 million to ¥638,604 million (U.S.\$ 6,024,566 thousand). Overseas sales accounted for 92.4% of consolidated net sales, same as the first half of fiscal 2020. Detailed information on sales by region can be found in the consolidated supplementary information on page 17.

## **(2) Summary Information Regarding Consolidated Financial Position**

1) The following table summarizes TDK's consolidated balance sheet as of September 30, 2020.

Total assets	¥2,081,614 million	(7.1% increase)
Total TDK stockholders' equity	¥872,657 million	(3.4% increase)
Stockholders' equity ratio	41.9%	(1.5 point decrease)

As of September 30, 2020, total assets increased by ¥138,235 million compared with March 31, 2020. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) increased by ¥17,162 million. Also, net trade receivables and net property, plant and equipment increased by ¥69,300 million and ¥53,213 million, respectively.

Total liabilities increased by ¥110,610 million from March 31, 2020. Short-term debt decreased by ¥75,227 million while current installments of long-term debt increased by ¥76,955 million, long-term debt, excluding current installments increased by ¥49,372 million, and trade payables increased by ¥36,248 million. Issuance of bonds by ¥99,582 million in July 2020 is included in the increase of long-term debt.

Total TDK stockholders' equity, which is included in total equity, increased by ¥28,700 million from March 31, 2020. Retained earnings increased by ¥27,217 million.

## 2) Cash Flows

(Yen millions)

	FY 2020 2Q	FY 2021 2Q	Change
Net cash provided by operating activities	59,872	73,130	13,258
Net cash provided (used) in investing activities	64,595	(98,435)	(163,030)
Net cash provided (used) by financing activities	(77,034)	35,397	112,431
Effect of exchange rate changes on cash and cash equivalents	(16,236)	(237)	15,999
Net increase in cash and cash equivalents	31,197	9,855	(21,342)
Cash and cash equivalents at beginning of period	289,175	332,717	43,542
Cash and cash equivalents at end of period	320,372	342,572	22,200

Operating activities provided net cash of ¥73,130 million (U.S.\$689,906 thousand), an increase of ¥13,258 million year on year. It mainly came from a decrease in working capital.

Investing activities used net cash of ¥98,435 million (U.S.\$928,632 thousand), changed by ¥163,030 million year on year. It mainly came from decrease of proceeds from sale of investments in affiliates.

Financing activities provided net cash of ¥35,397 million (U.S.\$333,934 thousand), changed by ¥112,431 million year on year. It mainly came from an increase in debt, which is a result of issuance of corporate bonds.

### (3) Summary Information Regarding Consolidated Projections

(Fiscal 2021 Consolidated Projections)

The outlook for the global economy remains uncertain due to concerns over further impact from a resurgence of the COVID-19 pandemic or greater aggravation of tensions between the U.S. and China. Under such circumstances, the operating results for the first half of fiscal 2021 exceeded the expectations held at the beginning of the period, as social and economic activities that were curtailed due to the continuing COVID-19 pandemic gradually resumed and demand for electronics started to recover. In terms of products, sales of Rechargeable Batteries and Passive Components grew on the back of increases in demand for notebook PCs and tablets as more people worked and studied at home, and in demand for 5G-related applications. In the second quarter, sales of Passive Components and Sensors increased as orders for the automotive market rapidly recovered. As a result of reviewing TDK's full-year projections in light of the operating results for the first half of fiscal 2021, the new projections have been raised from those announced on July 30, 2020. Capital expenditures are also expected to exceed the previous projection, mainly in Rechargeable Batteries, demand for which is expected to grow continuously. TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2021, the year ending March 31, 2021, are as follows.

Term  Item	FY2021 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2020 - March 31, 2021)	FY2020 (April 1, 2019 - March 31, 2020)	vs FY2020 Changes	
	Projections in October '20	Projections in July '20	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,400,000	1,290,000	1,363,037	36,963	2.7
Operating income	110,000	70,000	97,870	12,130	12.4
Income before income taxes	111,000	70,000	95,876	15,124	15.8
Net income attributable to TDK	76,000	48,000	57,780	18,220	31.5
Capital expenditures	200,000	180,000	173,429	26,571	15.3
Depreciation and amortization	140,000	140,000	124,984	15,016	12.0
Research and development	120,000	120,000	117,489	2,511	2.1

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥106 and ¥123 respectively will be assumed for Fiscal 2021. Average yen exchange rates against the U.S. dollar and the euro of ¥105 and ¥124 respectively will be assumed from the third quarter onward.



### **Cautionary Statements with Respect to Forward-Looking Statements**

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK Corporation and/or its group companies (“TDK”). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK’s actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by these forward-looking statements, and TDK undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws, and regulations.

## **2. Other Information**

### **(1) Changes in Significant Subsidiaries**

TDK absorbed and merged TDK-EPC Corporation, a specific subsidiary, in the quarter ended September 30, 2020. TDK-EPC Corporation has been excluded from the scope of consolidation.

### **(2) Simplified Accounting Treatment and Special Accounting Treatment**

Nothing to report.

### **(3) Accounting Policy Changes, Accounting Estimate Changes and Restatements**

#### Amendments of fair value measurement disclosure requirements

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13 “Amendments of fair value measurement disclosure requirements”. This ASU eliminates, amends and adds some of disclosure requirements for fair value measurement. TDK adopted this ASU from April 1, 2020.

The adoption of this ASU did not have an impact on TDK’s results of operations and financial position because this ASU is related to disclosure.

**(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2021 Dividends**

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

Projected dividends per share for fiscal 2021 are as follows. TDK has revised the interim dividend to 90 yen from 80 yen and the year-end dividend forecast to 90 yen from 80 yen, based on the revision of the consolidated projections for fiscal 2021 as well as on the fundamental policy for distribution of earnings.

	(Yen)	
	FY2021	FY2020 Actual
Interim dividend	90.00	90.00
Year-end dividend	(Forecast) 90.00	90.00
Annual dividend	(Forecast) 180.00	180.00

### 3. Consolidated Financial Statements

#### (1) Balance Sheets

ASSETS									
Term Item	As of March 31, 2020		As of September 30, 2020			Change from March 31, 2020	As of June 30, 2020		Change from June 30, 2020
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current assets	966,482	49.7	1,058,503	50.9	9,985,877	92,021	991,859	50.0	66,644
Cash and cash equivalents	332,717		342,572		3,231,811	9,855	325,150		17,422
Short-term investments	32,494		39,803		375,500	7,309	34,877		4,926
Marketable securities	56		54		509	(2)	55		(1)
Net trade receivables	310,142		379,442		3,579,642	69,300	318,116		61,326
Inventories	236,453		246,209		2,322,726	9,756	257,681		(11,472)
Other current assets	54,620		50,423		475,689	(4,197)	55,980		(5,557)
Noncurrent assets	976,897	50.3	1,023,111	49.1	9,651,991	46,214	992,913	50.0	30,198
Investments in securities	33,229		33,233		313,519	4	32,906		327
Net property, plant and equipment	611,150		664,363		6,267,575	53,213	630,081		34,282
Right-of-use assets of operating leases	39,215		37,574		354,472	(1,641)	38,963		(1,389)
Goodwill	160,945		158,002		1,490,585	(2,943)	159,850		(1,848)
Other assets	132,358		129,939		1,225,840	(2,419)	131,113		(1,174)
<b>TOTAL</b>	<b>1,943,379</b>	<b>100.0</b>	<b>2,081,614</b>	<b>100.0</b>	<b>19,637,868</b>	<b>138,235</b>	<b>1,984,772</b>	<b>100.0</b>	<b>96,842</b>

LIABILITIES AND EQUITY									
Term Item	As of March 31, 2020		As of September 30, 2020			Change from March 31, 2020	As of June 30, 2020		Change from June 30, 2020
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current liabilities	718,905	37.0	777,994	37.4	7,339,566	59,089	711,711	35.9	66,283
Short-term debt	216,601		141,374		1,333,717	(75,227)	225,991		(84,617)
Current installments of long-term debt	68,028		144,983		1,367,764	76,955	44,953		100,030
Current portion of operating lease obligations	7,252		7,994		75,415	742	8,019		(25)
Trade payables	201,825		238,073		2,245,972	36,248	210,360		27,713
Accrued expenses	201,591		220,937		2,084,311	19,346	196,150		24,787
Other current liabilities	23,608		24,633		232,387	1,025	26,238		(1,605)
Noncurrent liabilities	375,910	19.3	427,431	20.5	4,032,368	51,521	426,316	21.5	1,115
Long-term debt, excluding current installments	140,061		189,433		1,787,104	49,372	190,019		(586)
Long-term operating lease obligations	28,824		26,310		248,208	(2,514)	27,785		(1,475)
Retirement and severance benefits	142,958		139,632		1,317,283	(3,326)	140,849		(1,217)
Other noncurrent liabilities	64,067		72,056		679,773	7,989	67,663		4,393
<b>Total liabilities</b>	<b>1,094,815</b>	<b>56.3</b>	<b>1,205,425</b>	<b>57.9</b>	<b>11,371,934</b>	<b>110,610</b>	<b>1,138,027</b>	<b>57.4</b>	<b>67,398</b>
Common stock	32,641		32,641		307,934	-	32,641		-
Additional paid-in capital	1,783		-		-	(1,783)	1,780		(1,780)
Legal reserve	45,254		46,308		436,868	1,054	45,998		310
Retained earnings	971,140		998,357		9,418,462	27,217	972,232		26,125
Accumulated other comprehensive income (loss)	(190,055)		(187,863)		(1,772,292)	2,192	(193,646)		5,783
Treasury stock	(16,806)		(16,786)		(158,359)	20	(16,791)		5
<b>Total TDK stockholders' equity</b>	<b>843,957</b>	<b>43.4</b>	<b>872,657</b>	<b>41.9</b>	<b>8,232,613</b>	<b>28,700</b>	<b>842,214</b>	<b>42.4</b>	<b>30,443</b>
Noncontrolling interests	4,607	0.3	3,532	0.2	33,321	(1,075)	4,531	0.2	(999)
<b>Total equity</b>	<b>848,564</b>	<b>43.7</b>	<b>876,189</b>	<b>42.1</b>	<b>8,265,934</b>	<b>27,625</b>	<b>846,745</b>	<b>42.6</b>	<b>29,444</b>
<b>TOTAL</b>	<b>1,943,379</b>	<b>100.0</b>	<b>2,081,614</b>	<b>100.0</b>	<b>19,637,868</b>	<b>138,235</b>	<b>1,984,772</b>	<b>100.0</b>	<b>96,842</b>

**Note:**

U.S.\$1=Yen 106, for convenience only.

## (2) Statements of Income and Statements of Comprehensive Income (Loss)

[1st half results]

### Statements of Income

Term Item	1H of FY2020 (April 1, 2019 - September 30, 2019)		1H of FY2021 (April 1, 2020 - September 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	707,029	100.0	691,111	100.0	6,519,915	(15,918)	-2.3
Cost of sales	494,888	70.0	482,727	69.8	4,554,028	(12,161)	-2.5
Gross profit	212,141	30.0	208,384	30.2	1,965,887	(3,757)	-1.8
Selling, general and administrative expenses	144,641	20.5	145,834	21.1	1,375,792	1,193	0.8
Other operating expense (income)	(1,343)	-0.2	144	0.1	1,359	1,487	-
Operating income	68,843	9.7	62,406	9.0	588,736	(6,437)	-9.4
Other income (deductions):							
Interest and dividend income	4,735		4,509		42,538	(226)	
Interest expense	(1,998)		(1,616)		(15,245)	382	
Foreign exchange gain (loss)	(703)		(1,540)		(14,528)	(837)	
Other-net	(2,229)		(596)		(5,624)	1,633	
Total other income (deductions)	(195)	-0.0	757	0.1	7,141	952	-
Income before income taxes	68,648	9.7	63,163	9.1	595,877	(5,485)	-8.0
Income taxes	23,610	3.3	20,805	3.0	196,273	(2,805)	-11.9
Net income	45,038	6.4	42,358	6.1	399,604	(2,680)	-6.0
Less: Net income attributable to noncontrolling interests	100	0.0	133	0.0	1,255	33	33.0
Net income attributable to TDK	44,938	6.4	42,225	6.1	398,349	(2,713)	-6.0

**Note:**

U.S.\$1=Yen 106, for convenience only.

### Statements of Comprehensive Income (Loss)

Term Item	1H of FY2020 (April 1, 2019 - September 30, 2019)		1H of FY2021 (April 1, 2020 - September 30, 2020)		Change
	(Yen millions)	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	45,038	42,358	42,358	399,604	(2,680)
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	(54,339)	(1,173)	(1,173)	(11,066)	53,166
Pension liability adjustments	2,081	3,368	3,368	31,773	1,287
Net unrealized gains (losses) on securities	(36)	59	59	557	95
Total other comprehensive income (loss)	(52,294)	2,254	2,254	21,264	54,548
Comprehensive income (loss)	(7,256)	44,612	44,612	420,868	51,868
Comprehensive income (loss) attributable to noncontrolling interests	(168)	128	128	1,208	296
Comprehensive income (loss) attributable to TDK	(7,088)	44,484	44,484	419,660	51,572

**Note:**

U.S.\$1=Yen 106, for convenience only.

**[2nd quarter results]**  
**Statements of Income**

Term Item	2Q of FY2020 (July 1, 2019 - September 30, 2019)		2Q of FY2021 (July 1, 2020 - September 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	370,214	100.0	381,718	100.0	3,601,113	11,504	3.1
Cost of sales	254,068	68.6	262,904	68.9	2,480,226	8,836	3.5
Gross profit	116,146	31.4	118,814	31.1	1,120,887	2,668	2.3
Selling, general and administrative expenses	72,759	19.7	74,848	19.6	706,113	2,089	2.9
Other operating expense (income)	(476)	-0.1	-	-	-	476	-
Operating income	43,863	11.8	43,966	11.5	414,774	103	0.2
Other income (deductions):							
Interest and dividend income	2,215		2,029		19,142	(186)	
Interest expense	(881)		(797)		(7,519)	84	
Foreign exchange gain (loss)	257		(1,214)		(11,453)	(1,471)	
Other-net	(1,509)		(1,532)		(14,453)	(23)	
Total other income (deductions)	82	0.1	(1,514)	-0.4	(14,283)	(1,596)	-
Income before income taxes	43,945	11.9	42,452	11.1	400,491	(1,493)	-3.4
Income taxes	14,562	4.0	13,349	3.5	125,934	(1,213)	-8.3
Net income	29,383	7.9	29,103	7.6	274,557	(280)	-1.0
Less: Net income attributable to noncontrolling interests	33	0.0	70	0.0	661	37	112.1
Net income attributable to TDK	29,350	7.9	29,033	7.6	273,896	(317)	-1.1

Note:

U.S.\$1=Yen 106, for convenience only.

**Statements of Comprehensive Income**

Term Item	2Q of FY2020 (July 1, 2019 - September 30, 2019)	2Q of FY2021 (July 1, 2020 - September 30, 2020)		Change
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	29,383	29,103	274,557	(280)
Other comprehensive income (loss), net of taxes:				
Foreign currencies translation adjustments	(16,281)	4,155	39,198	20,436
Pension liability adjustments	1,074	1,688	15,925	614
Net unrealized gains (losses) on securities	(22)	19	179	41
Total other comprehensive income (loss)	(15,229)	5,862	55,302	21,091
Comprehensive income	14,154	34,965	329,859	20,811
Comprehensive income (loss) attributable to noncontrolling interests	(32)	82	774	114
Comprehensive income attributable to TDK	14,186	34,883	329,085	20,697

Note:

U.S.\$1=Yen 106, for convenience only.

### (3) Statements of Cash Flows

Term  Item	1H of FY2020 (April 1, 2019 - September 30, 2019)	1H of FY2021 (April 1, 2020 - September 30, 2020)	
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
<b>Cash flows from operating activities:</b>			
Net income	45,038	42,358	399,604
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	59,684	64,727	610,632
Deferred income taxes	5,183	6,336	59,774
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(80,268)	(69,556)	(656,189)
Decrease (increase) in inventories	(6,103)	(9,455)	(89,198)
Increase (decrease) in trade payables	30,203	33,349	314,613
Increase (decrease) in accrued expenses	2,189	981	9,255
Decrease (increase) in other assets and liabilities, net	3,645	642	6,057
Other-net	301	3,748	35,358
<b>Net cash provided by operating activities</b>	<b>59,872</b>	<b>73,130</b>	<b>689,906</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(90,847)	(97,129)	(916,311)
Proceeds from sales of tangible and intangible assets	1,764	1,417	13,368
Proceeds from sale and maturity of short-term investments	56,284	44,864	423,245
Payment for purchase of short-term investments	(26,940)	(52,424)	(494,566)
Proceeds from sale and maturity of securities	712	7	66
Payment for purchase of securities	(373)	(1,439)	(13,576)
Proceeds from sale of business, net of cash transferred	-	3,717	35,066
Proceeds from sale of investments in affiliates	124,484	2,502	23,604
Other-net	(489)	50	472
<b>Net cash provided by (used in) investing activities</b>	<b>64,595</b>	<b>(98,435)</b>	<b>(928,632)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from debt with maturities longer than three months	808	155,494	1,466,925
Repayment of debt with maturities longer than three months	(76,026)	(24,322)	(229,453)
Net increase (decrease) in debt with maturities of three months or less	13,977	(78,239)	(738,104)
Dividends paid	(10,901)	(11,368)	(107,245)
Acquisition of noncontrolling interests	(4,879)	(5,678)	(53,566)
Other-net	(13)	(490)	(4,623)
<b>Net cash provided by (used in) financing activities</b>	<b>(77,034)</b>	<b>35,397</b>	<b>333,934</b>
Effect of exchange rate changes on cash and cash equivalents	(16,236)	(237)	(2,237)
Net increase in cash and cash equivalents	31,197	9,855	92,971
Cash and cash equivalents at beginning of period	289,175	332,717	3,138,840
Cash and cash equivalents at end of period	320,372	342,572	3,231,811

**Note:**

U.S.\$1=Yen 106, for convenience only.

#### (4) Notes Concerning Going Concern Assumptions

Nothing to report.

#### (5) Segment Information

TDK has four reporting segments: Passive Components, Sensor Application Products, Magnetic Application Products and Energy Application Products, as well as Other, which includes products not included in these four reporting segments.

#### [1st half results]

		1H of FY2020 (April 1, 2019 - September 30, 2019)		1H of FY2021 (April 1, 2020 - September 30, 2020)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	200,140	28.3	183,796	26.6	1,733,924	(16,344)	-8.2
	Intersegment	1,456		1,828		17,244	372	25.5
	Total	201,596		185,624		1,751,168	(15,972)	-7.9
Sensor Application Products	External customers	38,919	5.5	34,491	5.0	325,387	(4,428)	-11.4
	Intersegment	58		154		1,453	96	165.5
	Total	38,977		34,645		326,840	(4,332)	-11.1
Magnetic Application Products	External customers	109,994	15.6	88,701	12.8	836,802	(21,293)	-19.4
	Intersegment	3,358		405		3,821	(2,953)	-87.9
	Total	113,352		89,106		840,623	(24,246)	-21.4
Energy Application Products	External customers	318,177	45.0	357,517	51.7	3,372,802	39,340	12.4
	Intersegment	-		-		-	-	-
	Total	318,177		357,517		3,372,802	39,340	12.4
Other	External customers	39,799	5.6	26,606	3.9	251,000	(13,193)	-33.1
	Intersegment	13,853		10,689		100,840	(3,164)	-22.8
	Total	53,652		37,295		351,840	(16,357)	-30.5
Intersegment eliminations		(18,725)		(13,076)		(123,358)	5,649	
Total		707,029	100.0	691,111	100.0	6,519,915	(15,918)	-2.3

**Note:**

U.S.\$1=Yen 106, for convenience only.

#### Segment profit (loss) by industry segment

		1H of FY2020 (April 1, 2019 - September 30, 2019)		1H of FY2021 (April 1, 2020 - September 30, 2020)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		21,759	10.9	17,386	9.5	164,019	(4,373)	-20.1
Sensor Application Products		(12,549)	-32.2	(12,320)	-35.7	(116,226)	229	-
Magnetic Application Products		6,748	6.1	(2,486)	-2.8	(23,453)	(9,234)	-
Energy Application Products		68,950	21.7	79,570	22.3	750,660	10,620	15.4
Other		(319)	-0.8	(4,711)	-17.7	(44,443)	(4,392)	-
Sub total		84,589	12.0	77,439	11.2	730,557	(7,150)	-8.5
Corporate and Eliminations		(15,746)		(15,033)		(141,821)	713	
Operating income		68,843	9.7	62,406	9.0	588,736	(6,437)	-9.4

**Note:**

U.S.\$1=Yen 106, for convenience only.



**[2nd quarter results]**

		2Q of FY2020 (July 1, 2019 - September 30, 2019)		2Q of FY2021 (July 1, 2020 - September 30, 2020)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	101,871	27.5	99,439	26.0	938,103	(2,432)	-2.4
	Intersegment	692		911		8,595	219	31.6
	Total	102,563		100,350		946,698	(2,213)	-2.2
Sensor Application Products	External customers	20,777	5.6	19,788	5.2	186,679	(989)	-4.8
	Intersegment	43		64		604	21	48.8
	Total	20,820		19,852		187,283	(968)	-4.6
Magnetic Application Products	External customers	54,465	14.7	50,423	13.2	475,689	(4,042)	-7.4
	Intersegment	576		97		915	(479)	-83.2
	Total	55,041		50,520		476,604	(4,521)	-8.2
Energy Application Products	External customers	173,664	46.9	200,662	52.6	1,893,038	26,998	15.5
	Intersegment	-		-		-	-	-
	Total	173,664		200,662		1,893,038	26,998	15.5
Other	External customers	19,437	5.3	11,406	3.0	107,604	(8,031)	-41.3
	Intersegment	7,215		4,960		46,792	(2,255)	-31.3
	Total	26,652		16,366		154,396	(10,286)	-38.6
Intersegment eliminations		(8,526)		(6,032)		(56,906)	2,494	
Total		370,214	100.0	381,718	100.0	3,601,113	11,504	3.1

**Note:**

U.S.\$1=Yen 106, for convenience only.

**Segment profit (loss) by industry segment**

		2Q of FY2020 (July 1, 2019 - September 30, 2019)		2Q of FY2021 (July 1, 2020 - September 30, 2020)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		11,420	11.2	9,652	9.7	91,057	(1,768)	-15.5
Sensor Application Products		(5,528)	-26.6	(5,055)	-25.5	(47,689)	473	-
Magnetic Application Products		3,450	6.3	1,358	2.7	12,811	(2,092)	-60.6
Energy Application Products		42,481	24.5	48,311	24.1	455,765	5,830	13.7
Other		(634)	-3.3	(2,834)	-24.8	(26,736)	(2,200)	-
Sub total		51,189	13.8	51,432	13.5	485,208	243	0.5
Corporate and Eliminations		(7,326)		(7,466)		(70,434)	(140)	
Operating income		43,863	11.8	43,966	11.5	414,774	103	0.2

**Note:**

U.S.\$1=Yen 106, for convenience only.

**(6) Notes Concerning Significant Changes in Stockholders' Equity**

Nothing to report.

## (7) Consolidated Supplementary Information

### 1) Exchange rates used for conversion

Item \ Term	As of September 30, 2019		As of September 30, 2020		As of March 31, 2020	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	107.92	118.02	105.80	124.17	108.83	119.55

### 2) Sales by region

#### [1st half results]

Region \ Term	1H of FY2020 (April 1, 2019 - September 30, 2019)		1H of FY2021 (April 1, 2020 - September 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	49,874	7.1	42,690	6.2	402,736	(7,184)	-14.4
Europe	73,714	10.4	64,569	9.3	609,142	(9,145)	-12.4
China	394,194	55.7	406,101	58.8	3,831,141	11,907	3.0
Asia and others	135,582	19.2	125,244	18.1	1,181,547	(10,338)	-7.6
Overseas sales total	653,364	92.4	638,604	92.4	6,024,566	(14,760)	-2.3
Japan	53,665	7.6	52,507	7.6	495,349	(1,158)	-2.2
Net sales	707,029	100.0	691,111	100.0	6,519,915	(15,918)	-2.3

#### [2nd quarter results]

Region \ Term	2Q of FY2020 (July 1, 2019 - September 30, 2019)		2Q of FY2021 (July 1, 2020 - September 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	24,080	6.5	24,839	6.5	234,330	759	3.2
Europe	36,571	9.9	37,056	9.7	349,585	485	1.3
China	216,194	58.4	216,143	56.6	2,039,085	(51)	-0.0
Asia and others	66,080	17.8	76,659	20.1	723,198	10,579	16.0
Overseas sales total	342,925	92.6	354,697	92.9	3,346,198	11,772	3.4
Japan	27,289	7.4	27,021	7.1	254,915	(268)	-1.0
Net sales	370,214	100.0	381,718	100.0	3,601,113	11,504	3.1

#### Notes:

1. U.S.\$1=Yen 106, for convenience only.
2. Overseas sales are based on the location of the customers.

### 3) Company group

As of September 30, 2020, TDK Corporation had 140 consolidated subsidiaries (12 in Japan and 128 overseas). TDK Corporation also had 4 affiliates (3 in Japan and 1 overseas), the financial statements for which are accounted for by the equity method.

4) Overview of sales by product

Term Product	1Q of FY2020 (April 1, 2019 - June 30, 2019)		2Q of FY2020 (July 1, 2019 - September 30, 2019)		3Q of FY2020 (October 1, 2019 - December 31, 2019)		4Q of FY2020 (January 1, 2020 - March 31, 2020)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	39,279	11.7	39,643	10.7	37,286	10.5	37,674	12.5
Inductive Devices	34,149	10.1	35,662	9.6	34,803	9.8	32,958	11.0
Other	24,841	7.4	26,566	7.2	26,260	7.4	26,335	8.8
Passive Components	98,269	29.2	101,871	27.5	98,349	27.7	96,967	32.3
Sensor Application Products	18,142	5.4	20,777	5.6	20,308	5.7	18,711	6.2
Magnetic Application Products	55,529	16.5	54,465	14.7	57,859	16.3	51,815	17.3
Energy Application Products	144,513	42.9	173,664	46.9	161,177	45.3	118,344	39.4
Other	20,362	6.0	19,437	5.3	17,941	5.0	14,537	4.8
Total	336,815	100.0	370,214	100.0	355,634	100.0	300,374	100.0

Term Product	1Q of FY2021 (April 1, 2020 - June 30, 2020)		2Q of FY2021 (July 1, 2020 - September 30, 2020)		
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	33,334	10.8	38,585	10.1	364,009
Inductive Devices	27,377	8.9	34,620	9.0	326,604
Other	23,646	7.6	26,234	6.9	247,490
Passive Components	84,357	27.3	99,439	26.0	938,103
Sensor Application Products	14,703	4.7	19,788	5.2	186,679
Magnetic Application Products	38,278	12.4	50,423	13.2	475,689
Energy Application Products	156,855	50.7	200,662	52.6	1,893,038
Other	15,200	4.9	11,406	3.0	107,604
Total	309,393	100.0	381,718	100.0	3,601,113

**Note:**

U.S.\$1=Yen 106, for convenience only.